

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)	
)	CC Docket 91-141
Local Competition)	CCB-IAD 98-101
Survey)	

**REPLY COMMENTS OF THE ASSOCIATION FOR
LOCAL TELECOMMUNICATIONS SERVICES**

I. INTRODUCTION

The Association for Local Telecommunications Services ("ALTS) pursuant to the Commission's Public Notice DA 98-839 released on May 8, 1998, hereby submits its Reply Comments in the above-referenced proceeding.

Review of the Comments submitted to date shows that there is near universal support for the Commission's initiative to collect timely and accurate information on the status of local exchange competition.¹ Although a consensus appears to exist concerning the need for a report, there still are matters that of are concern to ALTS and some commenters have suggested reporting requirements that neither satisfy the Commission's

¹ Only BellSouth and U S WEST argue against any reporting requirement at all. ALTS notes that despite some commenters assumptions that CLECs will not want to submit the requested information, ALTS and its members, have always been willing to submit appropriate information to the Commission. See, e.g., Comments and Reply Comments of ALTS in CCB-IAD 95-110 submitted Dec. 11, 1995 and Jan. 16, 1996. ALTS has sometimes disagreed about certain about aspects of the various Commission proposals, but has never argued that CLECs should be completely exempt from supplying information aimed at informing the Commission about the status of local competition.

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stated purposes nor consider the effect of the reporting requirement on carriers. These Reply Comments address those issues that ALTS believes need reinforcement or with which ALTS has fundamental philosophical disagreements.

II. THE COMMISSION MUST BE MINDFUL OF THE BURDEN THAT ANY REPORTING REQUIREMENT WILL HAVE ON SMALLER CARRIERS.

Many of the commenters in this proceeding have proposed either that small carriers be exempt from the reporting requirements or that the requirements be appropriate to or reflective of the size of the reporting entity. In its initial comments ALTS suggested that small entities not be required to file and that the Commission work with the states to ensure that any federal reporting be consistent, to the extent possible, with state requirements. The Commission should identify (as required by the Regulatory Flexibility Act and the Paperwork Reduction Act) duplicative reporting requirements and ensure that carriers not take actions that are inconsistent with or duplicative of other requirements. Certainly, any federal information requirement that diverts valuable resources from network development would be inconsistent with the the Telecommunications Act of 1996. Similarly, any reporting of data must ensure appropriate levels of aggregation so that competitors do not have access to critical proprietary business information.

III. THE COMMISSION SHOULD NOT SEEK INFORMATION ON GROSS REVENUES; "PROFITABILITY" IS NOT RELEVANT TO THE EXTENT TO WHICH COMPETITION EXISTS.

ALTS disagrees with the proposal of Ameritech on page 9 of its Comments that the survey should address "profitability" and require the reporting of intrastate telecommunications revenues by all carriers in addition to lines served. Especially for smaller start-up CLECs and those CLECs that are not publicly traded this information can be highly sensitive. In addition, it is not clear that the information would be very probative of the extent of competition. The fact that a CLEC has higher revenues per line than an ILEC could be due to a great many factors such as the fact that CLECs use some of the newest, most efficient technologies and offer some of the most sophisticated services, rather than, as Ameritech asserts, that CLECs are targeting the most profitable customers.²

IV. A DIRECT CUSTOMER SURVEY IS UNNECESSARY AND WOULD NOT PRODUCE USEFUL INFORMATION.

The Comments of GVNW Inc./Management suggests that the

² Similarly, Ameritech's suggestion that the Commission monitor order activity as an additional means of revealing competitiveness would add little to the Commission's inquiry. Ameritech does not specify exactly what information it would have the carriers submit, so it is not clear precisely what it is proposing. While Ameritech is correct that a high churn rate may be reflective of a competitive market, at this point in local competition it is hard to see what additional insight the Commission would gain from information on order activity. "Churn" and order activity would be more relevant in a mature market.

Commission consider "some type of direct customer survey." GVNW does not specify what type of survey it contemplates or what the questions would be on the survey. Thus, it is impossible to discern precisely what GVNW contemplates. Nonetheless, ALTS feels constrained to point out that a customer survey to try to determine the status of local competition would be highly unlikely to give an accurate picture of the market. First, of course, there would not be any way the Commission could ensure timely responses; the Commission has no jurisdiction over end users. Second it would be much more expensive to survey even a small percentage of end users than it would be to require larger carriers to respond to a survey. Third, end users would have little information to give to the Commission other than the name of the carrier from which it currently obtains service and, perhaps from the more sophisticated end users, a description of the services obtained. Finally, any attempt to survey end users would likely result in customer irritation, to the detriment of all carriers.

V. THE COMMISSION SHOULD NOT INCLUDE ILEC AFFILIATES AS COMPETITORS IN SPECIFIED DATA ELEMENTS.

GTE argues that the Commission's proposal to obtain information on the number of unaffiliated, competing local exchange carriers purchasing unbundled network elements would lead to a distorted sense of the extent of competition. While

GTE is correct that the ILEC requirements relating to the availability of unbundled network elements and services available for resale apply equally to affiliated and non-ILEC-affiliated carriers, that does not mean that the sale of UNEs or services to ILEC affiliates is an indication of the development of real competition. The counting of ILEC affiliate transactions would present a very easy way for the ILECs to show significant competition, if that were their goal (for example in a Section 271 proceeding, which obviously GTE does not contemplate, but the other large ILECs presumably do). The ILECs should not be able to game the process in such a way. At the very least, should affiliate information be included in the survey it should be identified or segregated as such.

CONCLUSION

ALTS continues to stand ready to help the Commission in any way it can to ensure the adoption of a fair and useful local competition survey.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of June, 1998, copies of the foregoing Reply Comments of the Association for Local Telecommunications Services were served via first class mail, postage prepaid, or by hand as indicated to the parties listed below.


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